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**THE CITIZENS'  
ECONOMY AND EFFICIENCY COMMISSION  
OF LOS ANGELES COUNTY**

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**REPORT OF THE TASK FORCE ON SUNSET ALTERNATIVES**

**JUNE 1991**



# THE CITIZENS' ECONOMY AND EFFICIENCY COMMISSION OF LOS ANGELES COUNTY

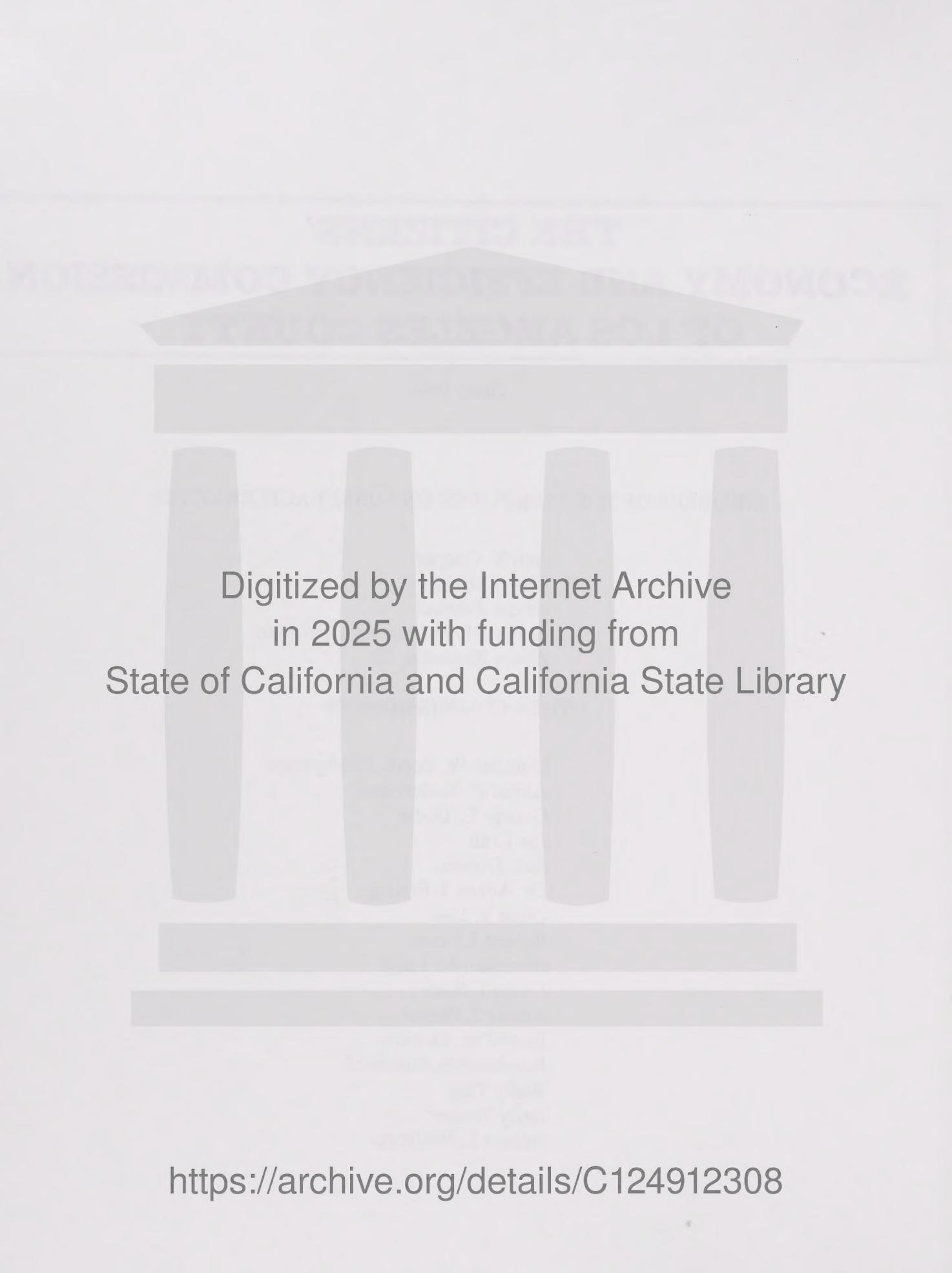
June, 1991

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Robert H. Philibosian, Chairman  
Efrem Zimbalist, III

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# PREFACE

The task force to review the Citizens' Economy and Efficiency Commission met three times during April and May, 1991. The full Commission reviewed preliminary findings and recommendations at its meeting on May 1, 1991. The members of the task force are Ann K. Cooper, Emma Fischbeck, Louise Frankel, Robert H. Philibosian, Chairman, and Efrem Zimbalist, III.

Our purpose was to consider and recommend to the full Commission for consideration by the Board of Supervisors:

- o whether the Citizens' Economy and Efficiency Commission should sunset, or
- o if the Commission does not sunset, then what should be its mission, goals, and methods of operation?

The task force used the following as its framework for analysis:

- o history and background of the Commission
- o effectiveness
- o need for the Commission.

During our review, the task force focused on specific issues and points of reference. With respect to the need for the Commission's work, we focused on the criteria for selection of projects, criteria for evaluation of Commission effectiveness, and control of project scope. In our evaluation of Commission effectiveness, the task force focused on three elements:

- o The action of the Board of Supervisors to order implementation of the recommendations,
- o The action of affected County officials to implement the recommendations according to Commission and Board intentions,

- o The degree to which the implementation of the recommendations had the desired effects in the sense the Commission expected.

The first section of our report contains a summary of our findings and conclusions. The second contains a more detailed presentation of our reasoning.

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# I. SUMMARY

We defined our first task as determining whether the Citizens' Economy and Efficiency Commission should sunset or continue. Second, if it should continue, then with what mission, what roles and responsibilities, staffing, and budget. We based our recommendations on an assessment of the Commission's effectiveness over the past five years. We took the Commission's earlier background into account when doing so aided our understanding.

## RECOMMENDATION

*We strongly urge the Board of Supervisors to continue the Citizens' Economy and Efficiency Commission as presently constituted, with its current mission and roles.*

Our task force has also defined certain reforms of our operations that should improve our effectiveness. We present them in the detailed recommendations below.

We believe the Board of Supervisors should sunset any Commission when

- o the need for its function is past or
- o it no longer performs its mission or undertakes its responsibilities in an effective manner acceptable to the Board of Supervisors.

We heard several arguments that tend to favor the option of sunsetting our Commission. The County has successfully introduced many of the reforms for which the Commission was founded. More important, County government today is subjected to different kinds of forces from those of the 1960s. The solutions to its problems may require different approaches. For example, some believe that internal professional County resources are adequate to advise the Board of Supervisors

on effective ways to improve operations. Other experts in County government believe that all feasible strategic reforms require state intervention. Thus, some would argue the need for the Commission is past.

Our task force also noted that County government runs well given its current circumstances, that the Board of Supervisors last requested a Commission study in July, 1990, and that the Board has responded to recent Commission recommendations less enthusiastically than expected. Based on this, some would argue that our Commission is no longer necessary.

After considerable debate, our task force unanimously rejected these arguments. We concluded that the reasons to retain the Commission far outweigh reasons to disband it. We believe the Board of Supervisors has sufficient authority for certain strategic reforms without relying on the State Government. We strongly believe that a citizens' Commission like ours contributes perspectives and insights that cannot be available from the internal professional bureaucracy.

Finally, we considered and rejected the alternative of consolidating our Commission with others whose nominal functions resemble ours. For example, the Productivity Commission develops, nurtures and supports the County's internal productivity improvement programs. We continue to support those programs and take an interest in future developments. Our mission and roles differ significantly from those of the Productivity Commission.

## **RECOMMENDATION 1**

*The task force recommends that the Board of Supervisors continue the Citizens' Economy and Efficiency Commission as presently constituted, with defined mission and roles as follows*

- to examine any function of County government, at the request of the Board of Supervisors, on its own initiative, or as suggested by others and adopted, and to*

*submit recommendations to the Board directed toward improving local government economy, efficiency, and effectiveness*

- *to advise the Board of Supervisors independently on appropriate early warning signals, strategic perspectives, and policy or management alternatives.*

We believe that County government has room for improvement at the level of strategy and long-range planning. The County continues to operate with chronic and serious financial difficulty. The County operates in reaction to a series of crises, with little foresight. On the other hand, the Board continues to appoint energetic and independent citizens to the Commission. The Commission is often effective in helping the Board achieve reforms that have eluded the County in the past. Therefore, our task force believes strongly that the need for the Commission is still current. The Board should continue the Commission. It represents a valuable source of information and analysis that otherwise would not be available:

- o Commissioners have *no financial stake or other self interest* in the outcomes of Commission recommendations
- o the Commission is *uniquely situated* to assist the Board in multi-departmental operations, intergovernmental functions, and innovative financing.

Therefore, we strongly urge the Board of Supervisors to continue the Commission with its current mission, roles, and composition. However, we found two areas of Commission operation that require reform. The first is the manner in which we select our projects, control their scope, and set priorities. The second is the manner in which we obtain staff services and the amount of time we take to complete our projects. The reforms are the subject of our second and third recommendations.

## **RECOMMENDATION 2**

*The task force recommends that the Commission adopt and observe methods of controlling its priorities that provide for*

- *the strategic significance of the subject,*
- *the feasibility of change, and*
- *the timing of the Board's request.*

In our assessment of Commission effectiveness, we considered the level of success for completed projects in terms of implementation and effectiveness. That is, we asked first whether the Board of Supervisors adopted our recommendations. Second, we asked how they had been implemented and with what effects on County operations. We consider no completed study to have failed. However, we also reviewed three instances in which the Commission had undertaken a study within the past five years and has not completed it. We considered the lessons learned from the total of this experience, and base the proposed reforms on them.

While it is disappointing to have undertaken studies with results rejected by the Board or found wanting in the implementation, it is disastrous for a voluntary organization like ours to waste its time and its members' energy on projects that it never completes, even when delaying them is justified. We have yet to complete three projects requested by Supervisors in 1987, 1988, and 1990: organization of the cultural departments, operations of the Antelope Valley Rehabilitation Centers, and organization of environmental departments. The lesson from the delays of these projects was invariably that we and our staff had not accurately assessed the feasibility of meaningful reform in the subject area of study.

As envisioned by the task force, the recommended assessment process would work as follows. Before committing resources to a study, the Executive Committee of the Commission would review its strategic significance, potential cost, and feasi-

bility. Then, a study plan would be prepared and a schedule and budget established in relation to other current projects. Our Executive Committee would then review the plan to ensure that we understand the potential political and policy implications of alternative outcomes to the extent possible before spending Commissioners' time and taxpayers' money on the project. The Executive Committee would then adopt a Project Budget and Schedule and hold our staff accountable for following it.

Using this technique, the Commission expects to avoid incomplete studies and to minimize the resources spent on projects where the level of implementation would not justify the expense.

The Citizens' Economy and Efficiency Commission represents the invaluable contributions of the citizens who serve on it, as well as those of the County officials who provide information and services, and those of the Commission's own staff. We estimate the current annual Commissioners' contributions as at least 840 hours, for which none receives any compensation whatsoever. Similarly, we estimate the contributions of Supervisors, other elected officials, and senior County staff as 600 hours spent outside the scope of their other duties. We strongly believe that our Commission can improve our use of these resources. That is the subject of our next recommendation.

### **RECOMMENDATION 3**

*The task force recommends that the Board of Supervisors provide the Commission with staff and a budget to support its efforts*

- administrative support staff through the Executive Office of the Board of Supervisors*
- permanent professional support qualified to help the Commission in selecting its priorities and identifying the resources necessary to solve the subject problems*

- *professional and technical support as needed to assist the Commission in its studies.*

Unlike most other County advisory Commissions, the Citizens' Economy and Efficiency Commission selects, manages and dismisses its own County-funded professional staff. The present level of direct funding is \$209,700. Including a prorated share of the costs of space and other County overhead, we estimate the total annual budgeted cost to the County as approximately \$500,000.

Our task force believes that the Commission can make more effective use of resources funded by the Board of Supervisors. We propose that the Executive Office of the Board of Supervisors provide us with administrative support and technical services commensurate with our needs. We further propose one full time professional staff person whose responsibility it will be to manage the Commission's research projects, represent the Commission within the County, and assist the Executive Committee in discharging its responsibility for project assessment and planning. We further propose that all other staffing be limited to consultants as needed to complete Commission projects following adoption of a project plan. Using this technique, we expect to impose a stronger scheduling discipline on our projects than we have in the past, and thus improve the degree to which the results of each project justify the cost.

## **II. COMMISSION BACKGROUND**

### **A. COMMISSION MISSION**

The Commission serves in an advisory capacity to the Board of Supervisors.

Its mission is

*to examine any function of County government, at the request of the Board of Supervisors, on its own initiative, or as suggested by others and adopted, and to submit recommendations to the Board directed toward improving local government economy, efficiency, and effectiveness.*

It was first founded by resolution of the Board of Supervisors in 1964, and continued by ordinance in 1976.

### **B. MEMBERS**

The Commission is composed of twenty one members, who serve without compensation of any kind. Members are appointed by the Board of Supervisors for two year terms. The member who is usually the outgoing Foreman of the Grand Jury serves for a one year term. The Supervisors have typically sought appointees who are willing to take positions independently of the appointing Supervisor's, have enough time to do homework required for studies of County operations, are not County employees or former employees, are broadly representative of the community, and are neither doing business with County government nor in a position to augment their income or promote their special interests through service on the Commission.

### **C. RESOURCES**

The County furnishes an office and services and supplies. To assist it in its studies, the Commission has called on experts in the industrial, professional, gov-

ernmental, and consulting fields who have, upon occasion, been loaned by their respective employers without additional cost to the County.

#### D. ROLE

The Commission's primary roles in support of its advisory mission are to

- o supply *early warning* in the form of information, analysis, and advice to the Board of Supervisors when indications are that the County must change to meet challenges of the medium and long term future
- o provide *strategic perspectives* on County-wide systems and service delivery structures
- o provide an assessment of *policy alternatives* resulting from *management audit* of Board level issues.

In the views of the Board of Supervisors and the Commissioners, the scope of the Commission's responsibility is not limited to any one function, department, or operation of County government. Rather, the scope is broad and open to admit any area that presents opportunity for improvement and reform.

However, the Commission's function is limited by its structure and its position. First, Commissioners are volunteers, appointed without regard to their professional or technical backgrounds. Consequently, Commissioners have many diverse fields of expertise. They bring an outside, independent perspective to review of County operations. The limitation of this structure is that the Commission must always depend on information supplied by others for its review. Because of the collective experience of individual Commissioners, the Commission subjects that information to critical review. Its strength is that it is clearly independent of any professional or financial bias.

Second, the Commission was designed and intended to function *at the level of the Board of Supervisors*. From this position, therefore, it concentrates on evaluating

systems and operations from the highest level: general policy, the Charter, the structure, the relationships with other governments. The limitation of this position is that the Commission cannot work effectively in areas that would duplicate efforts of the Chief Administrative Office or the Auditor Controller. Instead, the Commission concentrates on areas that may conflict with the priorities of those central staff County offices. *Where the internal County capability exists and is effective in working out issues and difficulties, the Commission has no role.* The strengths inherent in the Commission's position and structure are that the Commission has sufficient influence with the Board of Supervisors to effect the changes it proposes and sufficient independence to assure that its proposals are in the public interest.

## E. COSTS

The Commission generates four kinds of cost:

- o the costs of Commissioners' time, energy, and donated resources
- o the costs of Board and County officials in providing services to the Commission or responding to it
- o the direct costs to the County of funding staff services to the Commission
- o the indirect costs to the County and Commission staff of providing space, services and supplies to the Commission.

**Commissioners' Contributions.** The members of the E & E Commission are typically people whose time is invaluable. Thus, we assign no economic value to it. Our experience over the past several years has been that the Commission as a whole donates an average of 840 hours annually to County service. We included attendance at task force meetings, site inspections, and study time outside meetings.

**Board and Other County Officials.** County department heads and County Supervisors attend Commission meetings from time to time. In addition, depart-

ment heads must commit some of the department's time and resources to providing information to the Commission, responding to Commission recommendations, or supporting the research efforts of the Commission's staff. We estimate this contribution as at least 600 hours per year.

**Funded Professional Services.** Unlike most other County advisory Commissions and Committees, the Citizens' Economy and Efficiency Commission selects, manages and dismisses its own staff. The County funds the Commission's staff. The County contracts with individuals for the exclusive purpose of providing professional research and consulting services to the Commission. The Commission or the Board of Supervisors can dismiss the staff at will as provided in the personal services contracts. Occasionally, the County also assigns a County employee to work exclusively for the Commission. The County supplies these contractors with space, services and supplies for their use in providing services to the Commission. Except for assigned County employees, the costs are budgeted as Services and Supplies within the Department of the Board of Supervisors.<sup>1</sup> The County budgets assigned County employees in the payroll accounts of the County department that employs them. The budgeted annual cost of staffing the Commission and supporting the staff amounts to \$500,000, as summarized in Table I. Excluding costs the County would incur whether the Commission is in operation or not, the Commission's annual incremental staffing expense is \$207,700. Table I contains the budgeted total expenses and actual incremental expense for the Commission office.

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<sup>1</sup>A recent Grand Jury recommended that the Board establish a separate budgets appropriation for each Commission and Committee. This has not yet been done.

**TABLE I**  
**COUNTY FUNDING OF THE COMMISSION**

Item	Annual Budgeted Total Cost	Current Actual Net Outlay
Consultants	\$175,000	\$175,000
County Staff <sup>2</sup>	114,500	
Support Staff	45,800	20,000
Supplies, Office & Printing, etc..	42,000	10,000
Telephone	2,700	2,700
Space, Utilities	100,000	
County G & A	20,000	
Total	\$500,000	\$207,700

**Other Necessary County Costs.** The County supplies temporary space for Commission meetings and occasionally provides transportation for site inspection and other support. We estimate the annual total of these costs as \$2,000.

The annual incremental cost to the County taxpayer<sup>3</sup> thus amounts to \$209,700. This is the net County cost attributable to Commission operations that would not otherwise be charged to the County government or that would be put to some other use were the Commission not in operation.

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<sup>2</sup>Assumes 4% of direct labor for internal administration and supervision.

<sup>3</sup>These are costs attributable solely to the Commission.

## **F. COMMISSION PROJECTS**

During its tenure the Commission has completed 68 studies. These include several studies with results outside the sphere of direct Board or County authority, such as amendments of the County Charter later approved by the voters or proposals for changes in the structure of intergovernmental service delivery systems. Our task force classified the work into four broad areas of interest:

- o county organization, organizational planning, and executive structure,
- o civil service and personnel, compensation policies, control and employee relations,
- o management policies and systems, construction and facilities management, finance,
- o budget, city-county organization, and civic issues.

**Structure.** Twenty nine of the Commission's studies span four of the classic structural issues in public administration:

- o the central executive
- o centralization and decentralization of business functions
- o organization of County systems at the Board level
- o internal control of the organizational structure.

The Commission's most recent study in this area recommended a Charter amendment to create the position of a County Chief Executive appointed by the Board of Supervisors.

**Civil Service Reform.** In addition to its work on the structure and organization of the Board's personnel function, the Commission has from time to time taken up issues of personnel policy and control, particularly in areas of compensation and

employee relations. The most recent Commission work in this arena was to propose and support the ballot measure in 1986 that would have exempted certain County managers from civil service.

**Management Policy.** Frequently, upon undertaking a study of current interest to the Board of Supervisors, the Commission found that the County had not reviewed or modified its internal control mechanisms for years. In other instances, the public had adopted significant Charter reforms, but the County had not designed or implemented effective new policy or systems to control their impact. The most recent projects in this group have focused on contracting with private companies for work formerly performed exclusively by civil service employees, and on the impact of the Board's efforts to reorganize. In all cases, the main themes have been:

- o the Board of Supervisors can and should implement policies to ensure both that the uses of contracting are cost effective and that the potentially negative impact on employees is eliminated or minimized
- o merely reorganizing departments leads to no improvements in and of itself; action to integrate and modernize the consolidated services is necessary if the restructuring is to be beneficial
- o A good cost accounting (program budgeting and charge-back) system would greatly aid the Board of Supervisors in deciding when changes would be cost effective and when not.

**Intergovernmental Service Delivery.** The E & E Commission has completed several projects addressing some of the issues related to the County's peculiar situation as a subdivision of the State, as the local city government for a city of one million people in the unincorporated areas, and as a major service producer for the metropolitan region. The primary themes of the Commission's recommendations on local government structure have been that the County and State should together promote a gradual restructuring that encourages the formation of small community

based city governments and provides for some form of regional governance to address problems that transcend County boundaries. The most recent work in this area was the Commission's 1982 study of the Court system.

#### G. COMMISSION EFFECTIVENESS

The task force assessed the Commission's effectiveness according to two distinct kinds of criteria. The first set of criteria forms a continuum of *levels of success* when the Commission completed a project and presented its recommendations to the Board of Supervisors. The second set of criteria consists of the single category of studies to which we have committed resources but delayed conclusion. In its review, the task force concentrated on the most recent five years, incorporating the Commission's prior historical record as context.

We assess the success of a completed project in terms of implementation, based on the following:

- o whether the electorate approved the change, if applicable
- o whether the change was adopted and ordered implemented by the Board of Supervisors
- o for changes approved or adopted,
  - whether the administrative bureaucracy implemented them as intended
  - whether the changes had the beneficial effects on County effectiveness, efficiency, or economy foreseen by the Commission.

The task force strongly believes that *every project completed by the Commission contributes to the success of its mission and role, whether or not it is adopted by the public or the Board, or implemented by the internal administrative County bureaucracy.*

## **G.1 COMPLETED PROJECTS**

Since 1985, the Commission has completed twelve studies. The task force considered the results of five to be sufficiently significant to incorporate in our detailed review. We summarize the results of these below. The Appendix contains a comprehensive listing of all Commission studies since its inception.

*Security Systems in Los Angeles County Government* (December, 1990). The Commission made two recommendations based upon those adopted by the Board of Supervisors in 1984 and not fully implemented as intended. The first was to establish a Security Program Management position in the Chief Administrative Office (CAO). The second was to direct the CAO and the Security Program Manager to prepare comprehensive plans and standards for County security systems. The Board of Supervisors adopted both recommendations. The CAO is in the process of implementing the recommendations. The methods and approaches of implementation appear to be consistent with the Commission's intent. It is too soon to tell whether the new programs will have the economic effects that the Commission forecast. We point out, however, that the avoidance of even a single lawsuit represents savings of hundred of thousands. We believe the avoidance of even a single incident attributable to the enhanced attention to security functions would justify the study.

*Executive Structure of Los Angeles County Government* (July, 1990). The Task Force included two recommendations. The first was to introduce a Charter Amendment creating an appointed County manager who would have the power to appoint and dismiss County department heads. The second was to introduce a Charter amendment that would exempt high level managers from civil service. The Board adopted neither recommendation. In 1986, the electorate rejected a measure similar to the second of these recommendations, to exempt several levels of management from civil service protection.

*Family Services in Los Angeles County Government* (February, 1989) The Commission recommended five major changes of County structure and policy to reduce duplication and fragmentation in the children's welfare system. The first would have created a new department by consolidating the functions of Children's Services and Community and Senior Citizens Services with social casework functions of the Department of Social Services. The second would have created a new multijurisdictional council to assist in planning and collaboration among agencies that deliver services to children and their families. The third would have continued a Commission for Children with advisory responsibilities. The fourth would have established interdepartmental agreements and transactions to enforce them. The fifth would have strengthened the Board's system of advisory commissions and committees. The potential annual savings was \$5.0 million.

The Board of Supervisors referred this study to the CAO. Subsequently, the CAO proposed modified versions of four of the recommendations, which the Board adopted. The issue of the multijurisdictional council is still open.

While it is not unreasonable to state that the Board of Supervisors adopted the Commission's recommendations, after modification by the CAO, the implementation of the recommendations is far from the Commission's intent. Therefore, whether they will have the intended effects on County effectiveness cannot be determined. Nevertheless, the Commission's report is a blueprint for the future.

*Role of the Chief Administrative Office and Asset Management in Los Angeles County* (December, 1988) This contains three recommendations. The first separated the operating responsibility for facilities management, data processing, and purchasing from the Chief Administrative Office. The second would have consolidated these internal service functions, together with a new asset management function, into a single department accountable to the Board of Supervisors. The third would have consolidated the departments of Beaches and Parks and Recreation.

The Board of Supervisors adopted the first two recommendations, with one modification, and rejected the third. The Board of Supervisors implemented the first, to separate operating functions from the CAO, by the act of adopting it. The second, creating a new department to integrate internal service functions, is presently in mature stages of implementation. For example, early in 1991, the department appointed a person to take charge of integrating the data processing and communications functions. The issue of fully centralizing the property management function is still open. The Commission is working on alternative solutions. As part of this study, the Commission discussed and recommended appropriate methods of decentralizing internal services functions efficiently. These have not been implemented.

*Report on Contracting Policy in Los Angeles County Government* (August, 1987) This contains five recommendations. The first was to modify the strategy for contracting to include entire functions and missions rather than just the work of low level service employees. The second was to incorporate in the requests for proposal provisions to reduce overhead costs and to focus on performance requirements. The third would have established programs to mitigate negative employee impact from contracting, and the fourth would have linked contracting strategies to in-house operational improvements. The fifth recommendation would have established an information system to keep the Board of Supervisors informed about the costs and effectiveness of all forms of contracting. At the time, privatization was generating annual savings of approximately \$30 million. Implementation of the Commission's recommendations would have improved this figure.

The Board adopted the Commission's recommendations and referred them to the CAO for implementation. The CAO appointed a committee of department heads to work out the details. None of the recommendations has been implemented to the degree and level intended, although the CAO's committee has addressed sev-

eral issues in detail. The County has made certain improvements in its decision-making regarding contracting. We intend to take the subject up again, as we did our 1984 study of the security function, to learn the extent to which the adopted recommendations have taken effect.

*Property Management in Los Angeles County* (December, 1986) This contains two recommendations. The first consolidated internal services functions, particularly real property management, in the office of the Chief Administrative Officer, and strongly linked data processing with telecommunications. The second directed the CAO/Director of Property Management to put priority on completing development of a full cost recovery system for maintenance and operations, a plan for decentralizing decision-making to tenant departments, and eliminating such non-facility related functions as fleet maintenance and mail services.

The Board of Supervisors adopted the Commission's recommendations. In 1987, the CAO established an operating branch that included the recommended functions. However, by 1988 it was clear that none of the anticipated reforms could take place within the structure of the CAO's office. Instead, upon follow up recommendations of the E & E Commission (above), the Board created the Internal Services Department.

At present, the County is implementing a decentralization strategy to control building operations and maintenance costs. In the Internal Services Department, the County is integrating communications and data processing functions. Thus, although the link to the E & E Commission's study is tenuous, the County is implementing the recommendations. Since the County still lacks the required cost accounting and feedback controls to make this kind of system work properly, we doubt that the effects on County operations will be as the Commission intended.

*Implementation of County Reorganization and Systems Improvements: Agricultural Commissioner/Sealer of Weights and Measures* (June, 1986) This contains two

recommendations. The first would begin to integrate the work of both the agricultural inspectors and the weights and measures inspectors by implementing programs for cross training and certification, thereby eliminating the duplication of having two or more inspectors visit the same site. The second would reduce the costs of routing inspectors by using analytical techniques to optimize routes. In both cases, the point was to create programs in the newly consolidated function that would maximize the advantages of consolidation. We expected annual savings on the order of \$1 million from doing this.

The Board of Supervisors adopted both recommendations. Neither has been implemented. The County cannot accomplish the first because new special State legislation prevents it. The County lacks the internal resources needed for the second recommended improvement. Yet the savings and productivity improvements that should follow from consolidation of County departments depend entirely on the County's ability to accomplish internal changes of this kind within the framework of the consolidated department.

*Implementation of County Reorganization and Systems Improvements* (May, 1986). This contained four recommendations, in a follow-up report on Board adopted recommendations regarding County reorganization. The four recommendations detailed the most effective means the county could use to decentralize decision-making and, simultaneously, control costs. The first was to implement cost accounting in all County departments. The second was to restructure internal services. The third was to establish a policy requiring full cost recovery for internal services, together with choice of provider by their client departments. The fourth was to formalize the responsibility for setting and enforcing standards in the Chief Administrative Office. Our estimate of potential annual savings exceeded \$30 million.

The Board of Supervisors adopted these recommendations. None was implemented as intended. While the County developed an improved cost accounting

capability, at most a handful of departments have installed it. The concept of permitting operating departments to choose the provider of internal services is that the competition for the operating departments' support would motivate the internal services to improve their productivity. However, choice of provider is being implemented in its least efficient form. Each Department may choose to produce a support service itself, within that department, rather than purchase it from the internal services people or contract for it. The result is proliferating overhead and expense associated with the dispersal of the functions instead of the efficiencies that would have resulted from competition.

In 1987, the Chief Administrative Officer established a function with the responsibility to set standards for County-wide systems. However, for Data Processing and for Security Services, the Chief Administrative Officer has established separate functions in his department which set standards and develops plans for those functions.

## **G.2 INCONCLUSIVE PROJECTS**

The Economy and Efficiency Commission has ordinarily completed any study it agreed to conduct. The Commission has, at times, turned down requests of the Board of Supervisors if it appeared that the Commission's intervention would be inappropriate. For example, the Commission should not intervene when the in-house problem solving machinery can deal with the issue, or when the question reflects a larger issue that the Commission has already addressed.

However, in a few cases, the Commission has undertaken a study and has yet to complete it. In some, community opposition to the alternatives to be evaluated in the study was sufficiently intense in early stages to cause the Board of Supervisors to withdraw the request. In others, the Task Force's preliminary investigation of the

situation convinced the Executive Committee to assign a low priority to completing the study.

We believe these projects are instructive examples of our need for reform. We committed effort to projects that had no outcome whatever. We wasted Commissioners' time and resources and public money, following a request by the Board of Supervisors that the Commission should have clarified before the start. This occurred on three occasions in the past five years. They are summarized in the paragraphs below.

*Cultural Departments.* In 1983, when adopting the Commission's recommendations to restructure the County's departmental system, the Board of Supervisors (Synopsis 76, September 13, 1983):

"Directed each County Department Head to support the reorganization and standardization efforts, with the understanding that the Department's roles in the community will be recognized and will influence final decisions, as well as the understanding that the Board is determined to accomplish the objectives recommended by the Commission."

In 1989, the Board of the Natural History Museum asked the Board of Supervisors to consider consolidation of its operations with the Department of the Arboreta and Botanic Gardens. In 1990, the Board adopted a request for a Commission study specifying that the Commission include all the alternatives. Support groups and nursery associations organized a petition drive to retain the Arboreta and Botanic Gardens as a separate department. Because of the intensity of the opposition to studying reorganization, which included the threat of a loss of private financial support for the programs, the Board of Supervisors eventually dropped its request and asked the Commission to halt the study.

*Environmental Functions.* In 1987, upon the urging of a few employees of the Health Services Department, the Board of Supervisors asked our Commission to in-

vestigate the feasibility of merging all organizations with environmental responsibility in the County into a new department. The motion put the Union representatives from the Health Services Department in charge of the study, which would be conducted by the Commission.

The Commission appointed a task force, and conducted some preliminary work. It soon became apparent that the proposal was invalid on its face; merging beach management, for example, with restaurant inspection. However, because of the details of the motion requesting E & E involvement, it was not possible to conclude the study in any realistic way. Eventually, the employee from Health Services who was promoting the change left County employment. The Commission dropped the study. On the other hand, the issue of restructuring public health programs remains open, and might have been a useful project to complete.

*The Antelope Valley Rehabilitation Centers (AVRC).* In 1987, in correspondence to the staff of the Commission, the Chairman of the Board of Supervisors requested a study of the feasibility of various alternative means to finance the Antelope Valley Rehabilitation Centers, including privatization. The Commission established a Task Force comprised of commissioners, the Director of the AVRC, the Union Steward for AVRC, the Chief of Drug and Alcohol Program Administration, the Chief of Alcohol Program Administration, and members of the Commission for Alcoholism. The task force met on several occasions. Despite hearty efforts of Commissioners and the expenditure of substantial sums on consultants, however, the study proved untenable with that task force structure.

### **G.3 LESSONS LEARNED**

From the inconclusive projects, the lesson was one or more of the following:

- o The Commission should concentrate its highest priorities on structural or policy improvements and minimize attention to individual personnel issues

- o the Commission should recognize that elected officials might be reluctant to face significant opposition to a change when the expected short term economic benefits are minimal or impossible to quantify
- o the Commission should recognize that elected officials might oppose difficult or controversial changes on political grounds, even when the logic is compelling, if the Commission does not demonstrate significant fiscal advantages
- o the Commission should review its studies early enough in the design process so that the political or policy implications of the various alternatives can be taken into account as the project begins
- o the E & E Commission should reject any study in which its operations would be subordinate to the actions or supervision of County officials or any other group
- o the Commission should ask any Supervisor who asks for a Commission project to obtain a Board Minute Order confirming that the other Supervisors also wish to invest Commission resources in the study
- o the Commission should concentrate on programs and projects where the techniques of independent study and review can produce results, and minimize the effort on projects where use of the organizational development methodologies of participative review and participant observer might be appropriate.

We infer the following lessons from the Commission's successes:

- o the Commission should focus its energies on projects of strategic or policy value, at the level of the Board of Supervisors, regardless of how controversial or long range the content may be
- o One price of the Commission's independence is that the Commission might spend a good deal of time, energy and money on projects and recommendations that are not implemented because no one with authority to act agrees
- o the Commission and the Board of Supervisors should collaborate to establish effective means of assuring that County ad-

ministrative professionals implement Board adopted Commission strategies to which they might tend to assign a low priority.

## H. CONTINUING NEED FOR THE COMMISSION

County government has improved since the Board of Supervisors first identified a need for an Economy and Efficiency Commission. It has institutionalized many of the improvements recommended in the past by the E & E Commission. These include, for example, a formal internal productivity improvement program, pay for performance, privatization options, reorganization, more effective security systems, improved County-wide business and administrative systems, and user funding of County operations. In addition, some believe that actions that could materially affect County operations would require changes of State law. From this point of view, it could be argued that the E & E Commission should sunset in 1991. Our task force debated five major arguments in favor of sunsetting:

- o internal administrative organizations perform the same functions
- o county government runs effectively and efficiently
- o all feasible reforms require State intervention
- o the Board has not asked for a Commission study recently
- o The Board has deferred action on some Commission recommendations.

The first three of these arguments claim that County government faces no difficulties that would benefit from independent citizens' local review. The last two claim that the Commission's relationship with the Board of Supervisors undermines its effectiveness. Our task force unanimously rejects these arguments.

First, internal audit resources like those of the Chief Administrative Office and the Auditor-Controller can evaluate departmental operations effectively and objectively, in the ordinary course of controlling the County bureaucracy and design-

ing budgets to carry out the policy of the Board. At times, however, issues emerge that those agencies cannot address from a strictly internal perspective. These issues would include any proposals for changes that could affect their own programs, finances or compensation. Similarly, internal agencies often have some difficulty with issues and problems that reflect conflict between or among departments, or where the obstacle to change is the relationship of elected officials to one another. In short, in-house audit resources cannot perform the role of outsiders. They are not outsiders.

On the other hand, the Grand Jury is an independent resource available to the Board of Supervisors that is similar to the E & E Commission and performs similar functions. The Grand Jury lacks only an effective means to monitor the results of its work. While it is composed of outsiders and capable of investigating any function of local government, its members serve for at most one year. Rarely does the Grand Jury learn, as a body, of the responses to its recommendations, and the tenure of no Grand Jury is long enough to observe the implementation or its effects.

We agree that much of County government functions. As we have pointed out in the past, the County cares for thousands of people in the hospitals, protects the society against much disease, and regularly arrests and brings criminals to justice. The professional administrators who make this possible in the face of continuing fiscal pressure deserve admiration and support. Nevertheless, it is equally clear that the County government is in chronic serious financial difficulty and has grave difficulty with continuing operations. The Board of Supervisors should take advantage of any available responsible means of achieving economies or improving the efficiency of operations.

The third argument favoring sunset of the Economy and Efficiency Commission is that feasible County reform would require State intervention. The reasoning has some merit. Much of what County government does derives from its Constitu-

tional structure as a subdivision of the State, and the State and Federal governments finance much of its activity. The Board has little choice of what services it must provide, to whom, how to finance them, and, sometimes, how to manage them. The County must respond to shifts in the demand for services that result from population migration and fluctuations in the economy. Thus, in some sense the County government is a victim of Federal and State fiscal decision-making.

We believe that the Board of Supervisors can pursue opportunities for improvement in those areas it does control. The County itself determines the resources it will use to provide services, the number of people employed in service delivery, their salaries and fringe benefits, the facilities which house them, and the relationships among them. Most important, the County also controls the manner in which it is organized to provide services. Finally, in many cases the County's experience could be used as a basis to influence legislation and design new approaches. For example, recent Court decisions reduced the State government's responsibility to finance County operations, since the County can charge individual users of any given service for many of them. The proper design of a user financing system is a challenge Los Angeles County might be well suited to meet.

Therefore, we believe that the relationship of the County government to the State is not an insurmountable obstacle to County reforms proposed by the E & E Commission. We propose instead that the Commission could supply the Board with information to assist it in developing new strategies and new approaches.

Therefore, from debate of the first three arguments favoring sunset, the task force concludes that the Citizens Economy and Efficiency Commission performs a unique role in the County government. It provides continuity, and it operates as a source of information and analysis that would not otherwise be available.

The remaining two arguments favoring sunset of the E & E Commission contend that the Commission's relationship to the Board of Supervisors has deterio-

rated. First, the Board does not necessarily adopt Commission recommendations, and has on occasion even referred them for additional internal study. Second, the most recent Board request for a Commission study dates to July, 1990. Therefore, if the Board of Supervisors lacks interest in the Commission's suggestions and views, why should it continue?

We believe that this perception of the Board's view of the Commission is exaggerated. The Board continues to appoint energetic, talented and accomplished commissioners. The Board, the CAO, and other community leaders continue to support the Commission. Since the Commission has the ordinance authority to initiate projects on its own or as suggested by others, the Board may expect the Commission to be active regardless of its level of current requests. In our view, one of the most compelling reasons to continue the Commission is that it has successfully aided the Board of Supervisors achieve changes in County organization and operations that eluded prior organizations with similar goals. The task force therefore concludes that the Commission's relationship with the Board of Supervisors is sound, and that the Commission should continue to expect the same kind of careful attention to its recommendations it has received in the past.

Based on our findings, we conclude that the Commission should continue with its current mission, roles, and composition. We see two areas of Commission operation that require reform. The first is the manner in which we select our projects, set priorities, control their scope, and release them for public consideration. The second is the manner in which we obtain staff services supporting the research tasks necessary for our studies of County operations.

## I. REFORM OF COMMISSION OPERATIONS

The Citizens' Economy and Efficiency Commission operates within the structure of County government but derives its principal strengths from outside it.

The price of this high degree of independence includes a lack of the ordinary institutional supports that one would find as part of an operating administrative bureaucracy.

That price is exacted in two areas. The first is the control of the work program of the Commission. Commissioners expect to influence the actions of the Board of Supervisors. That great an investment of the time of community leaders requires a strong filter on the kinds of work the Commission undertakes. The second area where the price is exacted is in the staff of the Commission, which consumes all of its incremental costs to the taxpayer. To keep the cost low, the staff must be small. It must rely on County officials to supply the information necessary for Commission studies. It must validate that information to the extent possible using a variety of methods. It must also do this without imposing significant additional costs on County officials.

Considering the complexity and difficulty of the Commission's projects, the Commission requires studies and documentation beyond hearings, testimony, and inventories of diverse expert opinion. Moreover, because of the level of controversy that may be involved in implementation, the Commission must improve the degree of exposure it receives in the public forums - the press and media, and civic and educational organizations. Sometimes, it is only with such exposure that the independence of the Commission can be sustained. Therefore, the arrangements under which the County provides staffing and support are crucial to the Commission's success.

Our task force believes reform is necessary in both these areas. First, we have devised a method for assessing project priorities. Second, we propose a restructuring of the Commission's methods of acquiring staff support.

## I.1 PROJECT SELECTION AND PRIORITY

Concerning our projects, we intend to establish a system by which we assess each project in advance for importance and feasibility. We will also evaluate the political implications to the extent they can be known in advance. When applicable, we will seek assurances that the central issues require assessment of strategic policy questions with a bearing on the Board's ability to act and not only an assessment of the performance of individual employees.

Within that framework, our task force has identified three primary parameters which, in balance, will determine our priorities. They are:

- o Project Significance

- Potential Impact on Effectiveness or Economy
- Level of Strategic Significance
- Source of Request

- o Feasibility

- Probability of Adoption/implementation
- Commission Resources
- County Organizational Culture

- o Timeliness and Urgency

We have identified more detailed measures that we will use to rank each factor. We have designed this assessment instrument in such a way as to incorporate a balance among competing values. For example, in general, the more strategic the scope, the less sure we could be that the issues are within the Board of Supervisor's authority to act. Since the effectiveness of the changes we propose often hinges on their proper implementation over long periods, we will incorporate long term implementation strategy as part of the study.

## I.2 PROJECT STAFFING

The Citizens' Economy and Efficiency Commission requires staffing to carry out its mission and responsibilities. Our task force believes we should design the staffing arrangements better to meet the Commission's requirements. The task force reviewed the kinds of staffing required and various means of obtaining it with County funding.<sup>4</sup>

We expect the Commission to generate two kinds of staff work:

- o Secretarial, administrative, and logistical support, including publication of minutes, agendas, notes, schedules, meeting support, on-site inspections, scheduling interviews, and the like; and
- o Professional and technical services, communications and community relations, including research and analysis, writing, speaking, interviewing, interpreting recommendations, supporting implementation, and so forth.

The task force believes the Commission's staff should be free standing and independent of departmental or other County administrative influence. By ensuring that its staff is accountable solely to the Commission, the County reinforces and enhances the Commission's built-in independence. Based on this criterion, the task force rejected such alternatives as staffing its study assignments through County agencies, including the Executive Office, the Chief Administrative Office, and the Auditor Controller. However, the task force believes the budgetary, accounting, and general administrative functions should remain, as they are now, with the Executive Office of the Board of Supervisors.

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<sup>4</sup>In 1979, the Commission formed a Foundation for the purpose of obtaining external funding, but it has not been active.

The task force envisions a small permanent staff structure for performance of the administrative tasks of organizing meetings, keeping records, and operating a Commission office. Ideally, this would be supplied by the Executive Office of the Board of Supervisors.

The Commission's workload has been and is expected to continue as highly variable. Therefore, the Commission will have variable requirements for technical staffing. It will require temporary staff, possibly highly specialized, to conduct certain of its studies. The temporary staff should consist of contractors hired for specific projects. The qualifications will depend on the nature of the project itself, and may vary.

The Commission will require permanent staff to direct the contractors, act as contract administrators, and accept or reject the work of the contractors. The permanent staff must be equipped to perform the following professional and consultative services with the Commission as client, funded by the County government:

- o suggest and pursue areas of investigation which could result in substantial improvements of local government economy, efficiency or effectiveness
- o assist the Commission in obtaining the information required to perform its investigations, in analyzing and interpreting the information, in research and analysis as necessary, and in putting the Commission's conclusions and findings into a useful form
- o confer with Supervisors, their staffs, and other County officials
- o represent the Commission with the public, government agencies, the press and media, and civic and educational organizations
- o assist County officials in understanding and responding to the needs of the Commission for support
- o assist County officials in interpreting and implementing the Commission's recommendations adopted by the Board of Supervisors.

The qualifications necessary for those individuals performing the permanent staff work for the Commission include the following:

- o the ability to work with and under the direction of Commissioners
- o substantial knowledge and experience in local government operations, sources of information, and issues
- o expertise in systems evaluation and development
- o the ability to understand governmental operations and assess alternative means of structuring them or managing them
- o the ability to communicate with and work with governmental and corporate executives, the responsible press and media, and the public
- o the ability to evaluate and direct the performance of others within a budget monitored by the Commission's executive committee.

# **APPENDIX: E & E COMMISSION REPORTS**

The following lists the titles of Commission reports in each major area of Commission study. All Commission reports are public documents. They are available in many public libraries. The County distributes single copies at no charge through the Commission office.

## **COUNTY ORGANIZATION, EXECUTIVE STRUCTURE AND PLANNING**

The reports in this group contain the Commission's recommendations in the area of organization and structure. Most typically, the Commission has recommended Charter amendments to create a central executive, centralization of internal service functions, integration of program departments with similar missions and functions and division of those with unlike functions, and creation of management audit, organizational planning or other management science responsibility in the Chief Administrative Office. Several Charter amendments succeeded at the polls when the Board of Supervisors agreed to a referendum. Those on the County Executive have failed. The Board of Supervisors has typically adopted the recommendations to centralize business functions, and the programs have enjoyed some success. Attempts to consolidate/integrate service delivery functions have rarely survived the attendant controversy. The Board generally has agreed to establish management science capabilities in the Chief Administrative Office.

*Security Systems in Los Angeles County Government* (December, 1990)

*Executive Structure of Los Angeles County Government* (July, 1990)

*Family Services in Los Angeles County Government* (February, 1989)

*Role of the Chief Administrative Office and Asset Management in Los Angeles County* (December, 1988)

*Property Management in Los Angeles County Government*  
(December, 1986)

*Implementation of Commission Recommendations Concerning Security Systems* (August, 1986)

*Security Systems in Los Angeles County Government* (October, 1984)

*Decision Making and Organization*, (June, 1983)

*Proposition 13 in Los Angeles County Government Before and After*  
(February, 1980)

*County Propositions A and B - Elected Mayor and Size of the Board of Supervisors* (October, 1976)

*Eliminating Automatic Step Increase and Controlling Supervisory Costs in Los Angeles County Government* (September, 1976)

*The New York City Crisis and Los Angeles County Government: Organization, Employment and Compensation* (May, 1976)

*Report on the Department of Facilities* (December, 1975)

*Filling Vacant Elective Offices in Los Angeles County* (November, 1975)

*Establishment of Commissions & Committees in Los Angeles Government* (June, 1975)

*Series: on Department Head Commissions and Committees and on Duplicative Commissions and Committees* (1975-76)

*Report on a Separate Auditor Department* (April, 1975)

*Special Investigative and Management Audit Agency* (July, 1974)

*County Chief Executive and Size of the Board of Supervisors* (July, 1974)

*Charter Proposals for the 1973 Special Election* (August, 1973)

*Chief Administrative Officer's Recommended Construction Improvement Program* (November, 1972)

*Management of Construction Projects in Los Angeles County Government* (September, 1972)

*Consolidation of County Departments and Centralization of the Public Information Function* (May, 1971)

*Study of the Los Angeles County Charter* (July, 1970)

*Los Angeles County Architectural Services* (March, 1969)

*Consolidation of Bailiff and Civil Process Functions of the Sheriff-Marshal* (September, 1967)

*Charter Amendment on Personnel Functions* (August, 1966)

*County Personnel Organization and Administration* (July, 1966)

*Organization Planning in County Government* (May, 1966)

*Productivity in County Departments* (October, 1965)

## **CIVIL SERVICE, COMPENSATION AND PERSONNEL**

The commission's main themes about collective bargaining have been that the County needs a more effective collective bargaining system, that the task is to reconcile the collective bargaining policy in the public sector with the persistent presence of civil service, and that control of collective bargaining policy belongs in the Chief Administrative Office (directed by the Board of Supervisors). The Commission's main themes in compensation have been that compensation should be linked to performance for County employees, the system of compensation for represented employees should differ significantly from that for non-represented and management employees and that the County could do much to modernize its policy and practice regarding job analysis and compensation analysis. The Commission usually created a considerable amount of attention. The County now uses a pay for performance system for managers. Many issues persist. The County still uses a job-slotting system, automatic wage increases, and straight line wage ranges for most employees.

*Report on Management Merit system Proposal* (August, 1986)

*Report on the Medical Examiner-Coroner* (June, 1985)

*Selected Current Civil Service Issues* (July, 1980)

*Recommendations on the Prevailing Wage Clause and the Automatic Salary Step Increase Plan* (February, 1977)

*Eliminating Automatic Step Increases and Controlling Supervisory Costs in Los Angeles County Government* (September, 1976)

*The New York City Crisis and Los Angeles County Government* (January, 1976)

*Recommendations on the Authority of the Employee Relations Commission* (April, 1975)

*Civil Service and Collective Bargaining in Los Angeles County Government* (December, 1973)

*Employee Relations and Salary Determination in Los Angeles County* (July, 1971)

*Executive Compensation in Los Angeles County Government* (May, 1968)

*Recommended Board Action on County Compensation Practices* (November, 1966)

*County Compensation Policies and Practices* (August, 1966)

*Validity of the Joint Salary Survey of June, 1965* (March, 1965)

#### **MANAGEMENT POLICIES AND SYSTEMS**

The commission's efforts in the area of improved operating systems for the County, including those to assure beneficial effects from contracting and from consolidation, have been well received by the Board of Supervisors. They have sometimes been difficult to implement.

*Report on Contracting Policy in Los Angeles County Government* (August, 1987)

*Implementation of County Reorganization and Systems Improvements: Agricultural Commissioner/Weights and Measures* (June, 1986)

*Implementation of County Reorganization and Systems Improvements: Cost Accounting and Internal Services* (December, 1985)

*Recommendations to Improve the Mechanical Department* (June, 1982)

*A Review of Inventory and Materials Management* (January, 1982)

*Proposition A - Contracting* (October, 1978)

*Cost Reduction in Los Angeles County Government* (August, 1978)

*The Los Angeles County Budget - Selected Issues and Recommendations* (June, 1977)

## **INTERGOVERNMENTAL ISSUES**

The primary themes of the Commission's recommendations on local government structure have been that the County and State should together promote a gradual restructuring that encourages the formation of small community based city governments, promotes the use by the city governments of all means of combining and consolidating services, and establishes multi-county federations to govern the boundary-free issues of the region, discourages the formation of new or additional counties in the region. It would also legitimize the pricing systems governing intergovernmental transactions. On these subjects, the Board of Supervisors has little or no jurisdiction to effect reforms on its own. Promotion of the various changes in the system has been taken up by other, outside groups, including the Los Angeles 2000 Committee, the League of Cities, and the like. In other intergovernmental studies, such as those on the Courts, the Commission generally took the stand that the case is a good one for additional resources only if reforms are introduced.

*Hearing Procedures of Regional Planning Department* (July, 1986)

*Report on the Court System, Los Angeles County* (October, 1981)

*Challenge For the 1980s - Can We Govern Ourselves?* (January, 1979)

*Statement on Proposition 13 - The Jarvis-Gann Initiative* (April, 1978)

*Proposition 8 and Senate Bill 1, The Behr Bill* (May, 1978)

*Impact of New County Formation* (May, 1978)

*Request for Legislation Providing for the Appointment of 34 Additional Superior Court Judges* (April, 1977)

*Formation of Canyon Country* (October, 1976)

*Fire Protection Services in Los Angeles County* (June, 1972)



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